



13 January 2022

SECURITIES AND EXCHANGE COMMISSION

Secretariat Building, PICC Complex
Roxas Boulevard, Pasay City

Attention: **Market and Securities Regulation Department**

Re: **Quarterly Report (SEC Form 17-Q) for the quarter ending September 30, 2021**

Good day!

Solar Philippines Nueva Ecija Corporation is hereby filing the Company's Quarterly Report (SEC Form 17-Q) for the quarter ending September 30, 2021.

Very truly yours,

SOLAR PHILIPPINES NUEVA ECIJA CORPORATION

By: _____

HAZEL IRIS P. LAFUENTE

Corporate Secretary and Chief Information Officer

COVER SHEET

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S.E.C. Registration Number

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(Company's Full Name)

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(Principal Address of the Company)

Hazel Iris P. Lafuente

Contact Person

0	2	8	8	1	7	-	2	5	8	5
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Company Telephone Number

0	6
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Month

3	0
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Day

Fiscal Year

SEC Form 17-Q

Form Type

1 st Monday of May each year

Regular Meeting

Certificate of Permit to Offer Securities for Sale (Pursuant to SEC MSRD Order No. 87 Series of 2021)

Secondary License type, if applicable

MSRD

Dept. Requiring this Doc.

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Amended Articles Number/Section

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Total No. of Stockholders

Total amount of Borrowings

Domestic

Foreign

To be Accomplished by SEC Personnel concerned

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File Number

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SECURITIES AND EXCHANGE COMMISSION SEC FORM

17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES
REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended
September 30, 2021
2. SEC Identification Number
CS201627300
3. BIR Tax Identification No.
009-468-103
4. Exact name of issuer as specified in its charter
SOLAR PHILIPPINES NUEVA ECIJA CORPORATION
5. Province, country or other jurisdiction of incorporation
Philippines
6. Industry Classification Code: (SEC Use Only)
7. Address of office
112 Legaspi Street, Legaspi Village, Barangay San Lorenzo, Makati City, Philippines

Postal Code
1229
8. Issuer's telephone number, including area code
(+632) 8817-2585
9. Former name or former address, if changed since last report N/A
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Shares	8,124,350,005

11. Are any or all of the securities listed on a Stock exchange?
Yes ☒ No ☐

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:
Philippine Stock Exchange / Common Shares

12. Indicate by check mark whether the registrant

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes ☒ No ☐

(b) has been subject to such filing requirements for the past ninety (90) days.

Yes ☒ No ☐

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

- Financial Position as of September 2021 and June 30, 2021
- Comprehensive Income for the three (3) -month periods ended September 30, 2021 and 2020
- Cash Flow for the three (3) -month periods ended September 30, 2021 and 2020
- Changes in Equity for the three (3) -month periods ended September 30, 2021 and 2020
- Notes to Financial Statements

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

- Material Changes to the Statement of Financial Position as of September 30, 2021, compared to the Statement of Financial Position as of June 31, 2021
- Material Changes to the Statement of Comprehensive Income for the Three (3) -months ended September 30, 2021 compared to the Statement of Comprehensive Income for the Three (3) -months ended September 30, 2020
- Key Performance Indicators

PART II - OTHER INFORMATION

Not applicable

Solar Philippines Nueva Ecija
Corporation
*(A Subsidiary of Solar Philippines Power Project
Holdings, Inc.)*

Unaudited Interim Condensed
Financial Statements
September 30, 2021
(With Comparative Audited Figures as of
June 30, 2021)
and For the Three-Month Periods Ended
September 30, 2021 and 2020

SOLAR PHILIPPINES NUEVA ECIJA CORPORATION**(A Subsidiary of Solar Philippines Power Project Holdings, Inc.)****UNAUDITED INTERIM STATEMENT OF FINANCIAL POSITION****As of September 30, 2021****(With Comparative Audited Figures as of June 30, 2021)**

	September 30, 2021 (Unaudited)	June 30, 2021 (Audited)
ASSETS		
Current Assets		
Cash in banks	P3,467,541	P351,251
Other current assets (Note 5)	3,282,525	776,092
Total Current Assets	6,750,066	1,127,343
Noncurrent Assets		
Right-of-use assets (Note 10)	295,041,049	297,751,234
Deposits for land acquisition (Note 6)	537,000,000	537,000,000
Other noncurrent assets (Note 10)	2,090,284	1,370,284
Total Noncurrent Assets	834,131,333	836,121,518
TOTAL ASSETS	P840,881,399	P837,248,861
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses (Notes 7 and 11)	P11,608,662	P6,728,056
Due to related parties (Notes 8 and 11)	22,792,348	22,792,348
Current portion of lease liabilities (Notes 10 and 11)	14,004,465	14,004,465
Total Current Liabilities	48,405,475	43,524,869
Noncurrent Liabilities		
Lease liabilities - net of current portion (Notes 10 and 11)	280,092,366	275,521,361
Deferred income tax liability	94,422	904,291
Total Noncurrent Liabilities	280,186,788	276,425,652
Total Liabilities	328,592,263	319,950,521
Equity (Note 9)		
Capital stock	542,435,001	542,435,000
Additional paid-in capital	16,000,000	—
Deficit	(46,145,865)	(25,136,660)
Total Equity	512,289,136	517,298,340
TOTAL LIABILITIES AND EQUITY	P840,881,399	P837,248,861

See accompanying Notes to Unaudited Interim Condensed Financial Statements.

SOLAR PHILIPPINES NUEVA ECIJA CORPORATION**(A Subsidiary of Solar Philippines Power Project Holdings, Inc.)****UNAUDITED INTERIM STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIODS ENDED SEPTEMBER 30, 2021 AND 2020**

	2021	2020
INTEREST INCOME (Note 4)	₱753	₱54
EXPENSES		
Philippine Stock Exchange filing fees	8,124,350	—
Management fee (Note 8)	6,000,000	—
Interest accretion of lease liabilities (Note 10)	4,571,005	1,011,886
Amortization of right-of-use assets (Note 10)	2,710,185	459,864
Taxes and licenses	350,558	—
Professional fees	—	666,667
Others	63,729	13,557
	21,819,827	2,151,974
LOSS BEFORE INCOME TAX	21,819,074	2,151,920
BENEFIT FROM DEFERRED INCOME TAX	809,869	—
NET LOSS	21,009,205	2,151,920
OTHER COMPREHENSIVE INCOME	—	—
TOTAL COMPREHENSIVE LOSS	₱21,009,205	₱2,151,920
Basic/Diluted Loss Per Share (Note 12)	₱0.0039	₱3.4431

See accompanying Notes to Unaudited Interim Condensed Financial Statements.

SOLAR PHILIPPINES NUEVA ECIJA CORPORATION**(A Subsidiary of Solar Philippines Power Project Holdings, Inc.)****UNAUDITED INTERIM STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE-MONTH PERIODS ENDED SEPTEMBER 30, 2021 AND 2020**

	Capital Stock		Additional Paid-in Capital	Deficit	Total
	Subscribed	Subscription Receivable			
Balances at July 1, 2021	₱542,435,000	₱–	₱–	(₱25,136,660)	₱517,298,340
Total comprehensive loss for the period	–	–	–	(21,009,205)	(21,009,205)
Issuance of shares of stock (Note 9)	1	–	–	–	1
Additional paid-in capital (Note 9)	–	–	16,000,000	–	16,000,000
Balances at September 30, 2021	₱542,435,001	₱–	₱16,000,000	(₱46,145,865)	₱512,289,136
Balances at July 1, 2020	₱250,000	(₱187,500)	₱–	(₱15,374,983)	(₱15,312,483)
Total comprehensive loss for the period	–	–	–	(2,151,920)	(2,151,920)
Balances at September 30, 2020	₱250,000	(₱187,500)	₱–	(₱17,526,903)	(₱17,464,403)

See accompanying Notes to Unaudited Interim Condensed Financial Statements.

SOLAR PHILIPPINES NUEVA ECIJA CORPORATION**(A Subsidiary of Solar Philippines Power Project Holdings, Inc.)****UNAUDITED INTERIM STATEMENTS OF CASH FLOWS****FOR THE THREE-MONTH PERIODS ENDED SEPTEMBER 30, 2021 AND 2020**

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	(P21,819,074)	(P2,151,920)
Adjustments for:		
Interest accretion of lease liabilities (Note 10)	4,571,005	1,011,886
Amortization of right-of-use assets (Note 10)	2,710,185	459,864
Interest income (Note 4)	(753)	(54)
Operating loss before working capital changes	(14,538,637)	(680,224)
Increase in other current assets	(2,506,433)	(1,109)
Increase in accounts payable and accrued expense	4,880,606	66,666
Cash used in operations	(12,164,464)	(614,667)
Interest received	753	54
Net cash flows used in operating activities	(12,163,711)	(614,613)
CASH FLOWS USED IN INVESTING ACTIVITIES		
Additions to other noncurrent assets	(720,000)	(552,038)
CASH FLOWS FROM FINANCING ACTIVITIES		
Additional paid-in capital (Note 9)	16,000,000	—
Proceeds from issuance of shares of stock (Note 9)	1	—
Net advances from related parties (Notes 8 and 12)	—	610,000
Cash flows from financing activities	16,000,001	610,000
NET INCREASE (DECREASE) IN CASH	3,116,290	(4,613)
CASH AT JULY 1	351,251	137,533
CASH AT SEPTEMBER 30 (Notes 4 and 13)	P3,467,541	P132,920

See accompanying Notes to Unaudited Interim Condensed Financial Statements.

SOLAR PHILIPPINES NUEVA ECIJA CORPORATION

(A Subsidiary of Solar Philippines Power Project Holdings, Inc.)

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS

1. Corporate Information

(a) Organization

Solar Philippines Nueva Ecija Corporation (the Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on November 23, 2016, primarily to construct, erect, assemble, commission, operate and maintain power-generating plants, installations, shops, laboratories, pipelines, repair shops, electrical works, power houses, warehouses, terminals, and related facilities for the conversion of renewable energy into usable form fit for electricity generation and distribution; to promote and undertake research, development, utilization, manufacture, sale, marketing, distribution and commercial application of new, renewable, non-conventional and environment-friendly energy sources and systems including but not limited to solar, wind, water, heat, steam, ocean, tidal, biomass, biogas, chemical, mechanical, electrical, synthetic, agricultural, and other natural, fossil or non-fossil fuel based, artificial, organic or otherwise, and of energy systems that use new, renewable and any energy resources applying new and efficient energy conversion and/or utilization technologies for commercial application; and to perform other ancillary and incidental activities as may be provided by and under contract with the Government of the Republic of the Philippines, or any subdivision, instrumentality or agency thereof, or any government-owned and controlled corporation, or other entity engaged in the development, supply and distribution of renewable energy. As of January 11, 2022, the Company has not yet started commercial operations.

The Company is a subsidiary of Solar Philippines Power Project Holdings, Inc. (SPPPHI or Parent Company), a corporation organized in the Republic of the Philippines.

(b) Initial Public Offering (IPO)

The Company filed an application with the SEC for the registration and an application with the Philippine Stock Exchange, Inc. (PSE) for the listing of all its issued and outstanding stock on July 29, 2021 and August 20, 2021, respectively.

On November 29, 2021, the SEC and the PSE approved the application of the Company for the listing of its 2,700,000,000 common shares on the Main Board of the PSE.

The Company completed its IPO and was listed in the PSE under the stock symbol “SPNEC” on December 17, 2021.

(c) The Project

On August 22, 2017, Solar Philippines Commercial Rooftop Projects, Inc. (SPCRPI), an affiliate of the Company, was awarded Solar Energy Service Contract (SESC) No. 2017-06-404 for the exclusive right to explore and develop the Sta. Rosa Nueva Ecija 2 Solar Power Project (the Project), wherein SPCRPI shall undertake exploration, assessment, harnessing, piloting and other studies of the solar energy resources in Santa Rosa, Peñaranda and San Leonardo, Nueva Ecija. On December 29, 2017, SPCRPI executed a Deed of Assignment transferring all its rights and obligations provided under the SESC No. 2017-06-404 to the Company (see Note 15). On February 23, 2018, the Department of Energy (DOE) acknowledged and approved the Deed of Assignment between SPCRPI and the Company. Further, on that same day, the DOE issued

and approved a new Certificate of Registration (COR) under the name of the Company which recognizes the Company as a Renewable Energy (RE) developer.

The Project is a 500 megawatt peak (MWdc) solar power plant project located in Nueva Ecija and is divided into two (2) Phases. The first phase of the Project is a 225 MWdc solar power plant (Phase 1) in Barangay Las Piñas, Peñaranda, Nueva Ecija with sub-phases of Phase 1A at 50 MWdc and Phase 1B at 175 MWdc. The Company targets that Phase 1A shall be commissioned by the end of 2022 while Phase 1B is planned to be commissioned by early 2023 or within nine months of closing financing for Phase 1B. Moving forward, the Company plans to construct an additional 275 MWdc (Phase 2) after it has commissioned Phase 1.

On August 20, 2019, the Company has declared commerciality which the DOE confirmed via the release of the Certificate of Confirmation of Commerciality (“COCOC”) last November 15, 2021.

(d) Principal Office Address

The registered business address of the Company is at 20th Floor, Philamlife Tower, 8767 Paseo de Roxas, Makati City, Philippines 1226. The principal place of business based in the Articles of Incorporation is 112 Legaspi Street, Legaspi Village, Brgy. San Lorenzo, Makati City.

(e) Authorization for the Issuance of the Financial Statements

The financial statements of the Company as of September 30, 2021 and for the three-month periods ended September 30, 2021 and 2020 were authorized for issue by the Board of Directors (BODs) on January 11, 2022.

2. Basis of Preparation and Changes to the Company’s Accounting Policies

Basis of Preparation

The unaudited interim condensed financial statements of the Company as of September 30, 2021 and for the three-month periods ended September 30, 2021 and 2020 have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. The unaudited interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company’s annual financial statements as at June 30, 2021.

The unaudited interim financial statements of the Company have been prepared using the historical cost basis and are presented in Philippine Peso (₱), which is also the Company’s functional currency. All amounts are rounded to the nearest ₱, unless otherwise indicated.

New Standards, Interpretations and Amendments

The accounting policies adopted are consistent with those followed in the preparation of the Company’s annual financial statements for the year ended June 30, 2021.

4. Cash in banks

Cash in banks earns interest at the respective bank deposit rates. Total interest earned on cash in bank, net of final tax, amounted to ₱753 and ₱54 for the three-month periods ended September 30, 2021 and 2020, respectively.

5. Other Current Assets

	September 30, 2021 (Unaudited)	June 30, 2021 (Audited)
Cash bond deposit (Note 10)	₱552,038	₱552,038
Others	2,730,487	224,054
	₱3,282,525	₱776,092

Others include advances to employees of the Parent Company and IPO-related fees.

6. Deposits for Land Acquisition

Memorandum of Agreement (MOA) with Provincia Investments Corporation

On February 20, 2021, the Company entered into a MOA with an affiliate, Provincia Investments Corporation (PIC), which MOA was later amended on March 3, 2021, to secure land for future expansion in excess of the capacity contemplated for the Project. The MOA covers certain parcels of land with a total area of 68.621 hectares. Through the MOA, the Company was granted by the PIC the right to use the subject properties exclusively for the development and construction of a power generating plant. It is the intention of the parties to execute definitive agreements, e.g., deeds of absolute sale to transfer the parcels of land to the Company. Hence, at the Company's discretion, PIC undertakes to sell and transfer its rights over the parcels of land to the Company. Upon execution of the deeds of absolute sale (DOAs), the consideration for the sale and transfer of rights over the parcels of land shall be equal to the advance payments made by the Company in February and March 2021 totaling to ₱267.0 million, which represents the full payment.

MOA with Lupang Hinirang Holdings Corporation (LHHC)

On April 19, 2021, the Company entered into a MOA with an affiliate, LHHC, to secure land for future expansion in excess of the capacity contemplated for the Project. The MOA covers certain parcels of land with a total area of 56.81 hectares. Through the MOA, the Company was granted by the LHHC the right to use the subject properties exclusively for the development and construction of a power generating plant. It is the intention of the parties to execute definitive agreements, e.g. deeds of absolute sale to transfer the parcels of land to the Company. Hence, at the Company's discretion, LHHC undertakes to sell and transfer its rights over the parcels of land to the Company. Upon execution of the DOAs, the consideration for the sale and transfer of rights over the parcels of land shall be equal to the advance payments made by the Company in April and May 2021 totaling to ₱270.0 million, which represents the full payment.

These advance payments for a total consideration of ₱537.0 million are presented as “Deposits for land acquisition” in the unaudited interim statement of financial position as of September 30, 2021.

7. Accounts Payable and Accrued Expenses

	September 30, 2021 (Unaudited)	June 30, 2021 (Audited)
Accounts payable (Note 8)	₱9,700,000	₱3,880,000
Accrued expenses	1,558,559	2,771,054
Withholding tax payable	343,026	73,080
Other payables	7,077	3,922
	₱11,608,662	₱6,728,056

Accounts payable are non-interest bearing and are normally settled within one year. Withholding tax payable pertains to withholding taxes on leases and professional fees. Accrued expenses consist of accrual for professional fees.

8. Related Party Transactions

Parties are considered to be related if, among others, one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, the parties are subject to common control or the party is an associate or a joint venture.

Affiliates are related entities of the Company by virtue of common ownership and representation to management where significant influence is apparent.

Except as otherwise indicated, the outstanding accounts with related parties shall be settled in cash. The transactions are made at terms and prices agreed upon by the parties.

- a. The Company, in the normal course of business, has cash advances transactions with its Parent Company, SPPPHI and an affiliate for administrative requirements.

Transactions during the three-month periods ended		Outstanding balance as of			
September 30 (Unaudited)		September 30, 2021 (Unaudited)	June 30, 2021 (Audited)	Terms	Conditions
2021	2020				
<i>Due to related parties:</i>					
<i>Parent:</i>					
SPPPHI					
Cash advances	₱-	₱610,000	₱22,792,348	₱22,792,348	Due and demandable; non-interest bearing Unsecured
<i>Accounts payable</i>					
<i>(Note 7)</i>					
SPPPHI					
Management fee	₱10,000,000	₱-	₱9,700,000	₱-	Due and demandable; non-interest bearing Unsecured

- b. On February 20, 2021, the Company entered into a MOA with PIC, which was later amended on March 3, 2021, to secure land covering a total area of 68.621 hectares for a total amount of ₱267.0 million (see Note 6).

- c. On April 19, 2021, the Company entered into a MOA with LHHHC to secure land covering a total area of 56.81 hectares for a total amount of ₱270.0 million (see Note 6).
- d. On January 11, 2021, a Deed of Assignment was entered between the Company, as the assignee, and the Parent Company, as the assignor, whereby, the Parent Company assigned to the Company all of its rights and obligations under the September 6, 2016 lease agreement covering a total land area of 169.9 hectares, among others, and the Company accepted and assumed all of the said rights and obligations thus assigned, pursuant to the said Deed of Assignment (see Note 10).
- e. On April 30, 2021 the Company entered into a Management Service Agreement (MSA) with the Parent Company to provide executive and leadership support and execute its strategic direction while managing its business operations for a period from May 1, 2021 to April 30, 2023, renewable upon mutual agreement of both parties, for a monthly fee of ₱2.0 million.

The Management Service Agreement covers all necessary administrative and advisory services on management, investment and technical matters involving the Company's operations, including but not limited to human resources, legal, finance, and information technology.

- f. The Company has no employees as of September 30, 2021 and June 30, 2021. Prior to May 2021, the administrative and finance functions of the Company were being handled by the Parent Company at no cost to the Company. Starting May 2021, the key administrative and finance functions are performed by SPPPHI through the MSA. Management fee recognized for the three-month periods ended September 30, 2021 amounted to ₱6.0 million.

9. Equity

The details of the Company's capital stock as of September 30, 2021 and June 30, 2021 are as follows:

	September 30, 2021 (Unaudited)		June 30, 2021 (Audited)	
	Shares	Amount	Shares	Amount
Common shares - ₱0.1 par value				
per share				
Authorized:	10,000,000,000	₱1,000,000,000	10,000,000,000	₱1,000,000,000
Issued and outstanding:				
Balances at beginning of period	5,414,350,000	₱541,435,000	10,000,000	₱1,000,000
Issuance of shares during the period	5	1	5,414,350,000	541,435,000
Balances at end of period	5,424,350,005	₱542,435,001	5,424,350,000	₱542,435,000

In July 2021, the Company issued five (5) shares to the new directors. In the same month, the Company entered into a Memorandum of Agreement with its Parent Company, whereby the Parent Company provided ₱16.0 million representing additional payment for shares previously issued. This was recognized as additional paid-in capital under equity.

As of September 30, 2021, the Company's authorized capital stock is ₱1,000.0 million, consisting of 10,000.0 million common shares with a par value of ₱0.10 per share, of which 5,424.4 million common shares are issued and outstanding.

On June 25, 2021, the Parent Company executed a pledge over all the Company's shares of stock that it holds to secure a loan by its affiliate, PIC from AC Energy Corporation (the lender). The stock certificates of the Company's shares pledged were delivered to and is in the custody of the lender. The lender agreed to return the stock certificates to the Parent Company to enable to the Parent Company and the Company to comply with the lock-up rules of the Philippine Stock Exchange.

10. Leases

- a. In 2019, the Company entered into a land lease agreement with various landowners to develop solar farm projects in Peñaranda, Nueva Ecija for a total area of 95.8 hectares. The land was made available for use on January 1, 2019 with a one (1) year rent-free period plus 25-year term. Further, the lease is subject for renewal of 5 years upon mutual agreement by parties. The land lease agreement has an annual rent of ₱45,000 per hectare, net of tax, and is subject to an increase of 5% in rental payments after every five (5) years.
- b. On January 11, 2021, a Deed of Assignment was entered between the Company, as the assignee, and the Parent Company, as the assignor, whereby, the Parent Company assigned all of its rights and obligations under the September 6, 2016 lease agreement for certain parcels of land with a total area 179.6 hectares in Peñaranda, Nueva Ecija. The Company accepted and assumed all of the said rights and obligations thus assigned, in pursuance of the said Deed of Assignment. The annual rental increased from ₱50,000 per hectare per year, net of tax, to ₱55,000 per hectare per year, net of tax, which shall be subject to an escalation of 10.0% every five (5) years from the start date. Further, as agreed by the parties, the lease of the updated total land area of 169.9 hectares commenced in March 2021.
- c. In May 2021, the Company entered into a land lease agreement with various landowners to develop solar farm projects in Peñaranda, Nueva Ecija for a total area of 81.75 hectares. The land was made available for use on the execution date of the contract with a one (1) year rent-free period plus 25-year term. Further, the lease is subject for renewal of 5 years upon mutual agreement by parties. The land lease agreement has an annual rent of ₱55,000 per hectare, net of tax, and is subject to an increase of 8% in rental payments after every three (3) years.

The Company also paid a gratuity fee of ₱0.9 million, included under other noncurrent assets, which shall be deducted against advance rental in the event that the due diligence of the Company is not satisfactory and/or project permits or approvals are denied by the relevant government agencies. As of January 10, 2022, the Company is ongoing completion of due diligence on relevant assets.

- d. ROU assets as of September 30, 2021 and June 30, 2021 are as follows:

	September 30, 2021 (Unaudited)	June 30, 2021 (Audited)
Balances at beginning of period	₱297,751,234	₱44,146,980
Additions	—	256,722,791
Amortization	(2,710,185)	(3,118,537)
Balances at end of period	₱295,041,049	₱297,751,234

- e. Lease liabilities as of September 30, 2021 and June 30, 2021 are as follows:

	September 30, 2021 (Unaudited)	June 30, 2021 (Audited)
Balances at beginning of period	₱289,525,826	₱47,299,752
Additions	–	236,601,191
Interest expense	4,571,005	5,624,883
Payments	–	–
Total lease liabilities	294,096,831	289,525,826
Current portion of lease liabilities	(14,004,465)	(14,004,465)
Noncurrent portion of lease liabilities	₱280,092,366	₱275,521,361

- f. The following are the amounts recognized for the three-month periods ended September 30, 2021 and 2020 in the statements of comprehensive income:

	For the Three-Month Periods Ended September 30 (Unaudited)	
	2021	2020
Interest expense	₱4,571,005	₱1,011,886
Amortization of ROU assets	2,710,185	459,864
Total amount recognized in the statements of comprehensive income	₱7,281,190	₱1,471,750

- g. As of September 30, 2021 and June 30, 2021, cash bond deposit amounting to ₱0.6 million, pertain to cash bond deposits paid to Department of Agrarian Reform (DAR) for the conversion of leased land from agricultural to industrial land. On April 30, 2021, the Company received the DAR order for the conversion of 169.9 hectares of leased land. On October 11, 2021, the DAR issued the Certificate of Finality to the Company to effectively cause the conversion of said land from agricultural to industrial classification.

11. Financial Instruments and Financial Risk Management

Financial Risk Management Objectives and Policies

The Company's principal financial instruments comprise of cash in bank, accounts payable and accrued expenses and due to related parties. The main purpose of these financial instruments is to finance the Company's operations.

The BOD has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and manage the Company's exposure to financial risks, to set appropriate transaction limits and controls, and to monitor and assess risks and compliance to internal control policies. Risk management policies and structure are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company has exposure to liquidity and credit risks from the uses of its financial instruments. The BOD reviews and approves the policies for managing this risk as summarized below:

Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

With respect to the credit risk arising from other financial assets of the Company, which comprise cash (excluding cash on hand), the Company exposure to credit risk arises from default of the counterparty, with maximum exposure equal to the carrying amount of these instruments. The Company's cash in banks amounted to ₱3.5 million and ₱0.4 million as of September 30, 2021 and June 30, 2021, respectively.

Credit Quality of Financial Assets

Financial assets are classified as high grade if the counterparties are not expected to default in settling their obligations. Thus, the credit risk exposure is minimal. These counterparties normally include customers, banks and related parties who pay on or before the due date. The Company considers cash in banks as high grade.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's objectives to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking adverse effect to the Company's credit standing.

The Company manages liquidity risk by maintaining a balance between continuity of funding and flexibility. As part of its liquidity risk management, the Company regularly evaluates its projected and actual cash flows.

The tables below show the maturity profile as of September 30, 2021 and June 30, 2021 of the Company's financial assets used for liquidity purposes based on contractual undiscounted cash flows, and financial liabilities based on contractual undiscounted payments:

	September 30, 2021 (Unaudited)				
	On Demand	< 1 Year	1 to 5 Years	More than 5 Years	Total
	(In Thousand Pesos)				
Amortized cost:					
Cash in banks	₱3,467	₱–	₱–	₱–	₱3,467
Cash bond deposit	552	–	–	–	552
	₱4,019	₱–	₱–	₱–	₱4,019
Liabilities at amortized cost:					
Accounts payable	₱9,700	₱–	₱–	₱–	₱9,700
Accrued expenses	1,559	–	–	–	1,559
Due to related parties	22,792	–	–	–	22,792
Lease liabilities	13,187	–	79,983	599,162	692,332
	₱47,238	₱–	₱79,983	₱599,162	₱726,683
	June 30, 2021 (Audited)				
	On Demand	< 1 Year	1 to 5 Years	More than 5 Years	Total
	(In Thousand Pesos)				
Amortized cost:					
Cash in banks	₱351	₱–	₱–	₱–	₱351
Cash bond deposit	552	–	–	–	552
	₱903	₱–	₱–	₱–	₱903

	June 30, 2021 (Audited)				Total
	On Demand	< 1 Year	1 to 5 Years	More than 5 Years	
Liabilities at amortized cost:					
Accounts payable	P3,880	P—	P—	P—	P3,880
Accrued expenses	2,771	—	—	—	2,771
Due to related parties	22,792	—	—	—	22,792
Lease liabilities	13,187	—	79,983	599,162	692,332
	P42,630	P—	P79,983	P599,162	P721,775

Fair Value and Category of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate such value:

Cash in banks, cash bond deposit, accounts payable and accrued expenses and due to related parties

The carrying amounts of these financial instruments approximate their fair values due to their short-term maturities.

Lease liabilities

The fair values for the Company's lease liabilities are estimated using the discounted cash flow methodology adjusted for credit risk (Level 3 of the fair value hierarchy). The discount rates used are 6.42% and 5.96% as at September 30, 2021 and June 30, 2021, respectively. The fair value of the lease liabilities amounted to P290.6 million and P299.2 million as of September 30, 2021 and June 30, 2021, respectively, while the carrying value of the lease liabilities amounted to P294.1 million and P289.5 million as of September 30, 2021 and June 30, 2021, respectively.

As of September 30, 2021 and June 30, 2021, the fair value of lease liabilities are measured using Level 3 valuation technique. For the three-month period ended September 30, 2021 and for the year ended June 30, 2021, there were no transfers into and out of Level 3 fair value measurements.

Capital Management

As the Company has not started commercial operations, it ensures that the minimum capital infused by the shareholders is properly managed. The Company manages its capital structure and makes adjustments to it, in light of changes in business and economic conditions.

No changes were made in the objectives, policies or processes for the three-month period ended September 30, 2021 and for the year ended June 30, 2021.

The Company considers the following as its core capital:

	September 30, 2021 (Unaudited)	June 30, 2021 (Audited)
Due to related parties	P22,792,348	P22,792,348
Capital stock	542,435,001	542,435,000
Additional paid-in capital	16,000,000	—
Deficit	(46,145,865)	(25,136,660)
	P535,081,484	P540,090,688

12. Basic/Diluted Loss Per Share

The basic/diluted loss per share amounts were computed as follows:

	September 30, 2021 (Unaudited)	September 30, 2020 (Unaudited)
(a) Net loss attributable to equity holders of the Company	₱21,009,205	₱2,151,920
(b) Weighted average number of common shares outstanding	5,424,350,005	625,000
Basic/diluted loss per share (a/b)	₱0.0039	₱3.4431

The Company does not have any dilutive potential common shares as at September 30, 2021 and 2020.

13. Events After the Reporting Period

On January 10, 2022, the BOD of the Company approved amendments in the Company's Articles of Incorporation to increase the authorized capital stock from ₱1.0 billion divided into 10.0 billion common shares at ₱0.1 per share, to ₱5.0 billion divided into 50.0 billion common shares at ₱0.1 per share.

On December 20, 2021, the BOD of the Company approved the following:

- a) Pending the use of IPO proceeds for future land acquisitions and capital expenditures, effective by January 19, 2022, to allow the Company to allocate such IPO proceeds towards bid bonds, bid security, and other expenses for potential off-take agreements, to enable the Company to be responsive to contracting opportunities as soon as they arise, in support of the Company's strategy to pursue off-take on an opportunistic basis.
- b) The authority to transact with financial institutions to secure bid bonds and bid security for the projects of the Company.
- c) Subject to applicable law, rules and regulations to be clarified, the incorporation and funding of wholly-owned subsidiaries to hold the IPO's use of proceeds and to receive instructions from the Company for the use of such proceeds.
- d) The authority to file and submit all compliance, disclosures and any other reportorial requirements of the Company to the relevant regulatory agencies and the PSE.
- e) Other ancillary powers and authorities necessary and proper for the execution of the above approvals.

On December 17, 2021, the Company completed its IPO and was listed in the PSE under the stock symbol "SPNEC".

On November 15, 2021, the DOE released of the Certificate of Confirmation of Commerciality ("COCOC") of the Project.

On October 11, 2021, the DAR issued the Certificate of Finality to the Company to effectively cause the conversion of the 169.86 hectares of land from agricultural to industrial classification.

14. Other Matters

Continuing Impact of COVID-19

In a move to contain the COVID-19 outbreak, on March 13, 2020, the Office of the President of the Philippines issued a Memorandum directive to impose stringent social distancing measures in the National Capital Region (NCR) effective March 15, 2020. On March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six (6) months and imposed an enhanced community quarantine (ECQ) throughout the island of Luzon until April 12, 2020, as subsequently extended to April 30, 2020. This was further extended to May 15, 2020 in selected areas including the NCR. The community quarantine has been extended on a more relaxed form (general community quarantine) after the May 15, 2020 extension until March 28, 2021. On March 29, 2021, the government reinstated the ECQ until April 11, 2021 in selected areas including the NCR. Starting April 12, 2021, NCR was placed under the modified ECQ until May 15, 2021, and was subsequently shifted to general community quarantine with some restrictions until July 15, 2021. In September 2021, the government shifted to a multi-tier alert level system for applying COVID-19 restrictions in selected areas with NCR currently under alert level 3 from January 3 to 15, 2022.

These measures have caused disruptions to businesses and economic activities, and its impact on businesses continue to evolve.

The Company was not materially affected by the COVID-19 outbreak as it has not yet started commercial operations. Considering the evolving nature of this outbreak, the Company will continue to monitor the situation in subsequent periods.

Pledge of Company's Shares owned by the Parent Company

On June 25, 2021, the Parent Company executed a pledge over all the Company's shares it holds to secure a loan by its affiliate, PIC from AC Energy Corporation. The stock certificates of the Company's shares pledged were delivered to and is in the custody of the lender. The lender agreed to return the stock certificates to the Parent Company to enable to the Parent Company and Company to comply with the lock up rules of the Philippine Stock Exchange.

Operating Segment

The Company's operating segments are organized and managed separately according to the business units. The Company has no operating segments as it has not yet commenced its operations as of September 30, 2021.

Seasonality of Operations

The Company has not started commercial operations as of September 30, 2021. As such, there were no operations subject to seasonality and cyclicity.

Repurchases, and Repayments of Debt and Equity Securities

There are no repurchases and repayments of debt and equity securities during the current period.

Changes in Estimates and Amounts Reported in Prior Financial Years

The key assumptions concerning the future and other key sources of estimation uncertainty used in preparation of the unaudited interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements as of and for the year ended June 30, 2021.

Changes in Contingent Liabilities or Contingent Assets Since the Last Annual Reporting Date

There are no material changes in the contingent liabilities or contingent assets since the last annual reporting date.

Changes in the Composition of the Company During the Interim Period

There were no material changes in the composition of the Company during the period.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Material Changes to the Statement of Financial Position as of September 30, 2021, compared to the Statement of Financial Position as of June 31, 2021

Horizontal and Vertical Analysis of Financial Position September 30, 2021 vs June 30, 2021						
Amounts in ₱0.00	September 30, 2021	June 30, 2021	Horizontal Analysis		Vertical Analysis	
			Increase/(Decrease)		September 2021	June 2021
			Amount	Percentage		
Assets						
Cash	3,467,541	351,251	3,116,290	887.20%	0.41%	0.04%
Other current assets	3,282,525	776,092	2,506,433	322.96%	0.39%	0.09%
TOTAL CURRENT ASSETS	6,750,066	1,127,343	5,622,723	498.76%	0.80%	0.13%
Right-of-use assets	295,041,049	297,751,234	(2,710,185)	-0.91%	35.09%	35.56%
Deposit for land acquisition	537,000,000	537,000,000	—	0.00%	63.86%	64.14%
Other noncurrent assets	2,090,284	1,370,284	720,000	52.54%	0.25%	0.16%
TOTAL NONCURRENT ASSETS	834,131,333	836,121,518	(1,990,185)	-0.24%	99.20%	99.87%
TOTAL ASSETS	840,881,399	837,248,861	3,632,538	0.43%	100%	100%
Liabilities and Equity						
Accounts payable and accrued expenses	11,608,662	6,728,056	4,880,606	72.54%	1.38%	0.80%
Due to related parties	22,792,348	22,792,348	—	0.00%	2.71%	2.72%
Current portion of lease liabilities	14,004,465	14,004,465	—	0.00%	1.67%	1.67%
TOTAL CURRENT LIABILITIES	48,405,475	43,524,869	4,880,606	11.21%	5.76%	5.20%
Lease liabilities - Net of current portion	280,092,366	275,521,361	4,571,005	1.66%	33.31%	32.91%
Deferred tax liability	94,422	904,291	(809,869)	-89.56%	0.01%	0.11%
TOTAL NONCURRENT LIABILITIES	280,186,788	276,425,652	3,761,136	1.36%	33.32%	33.02%
TOTAL LIABILITIES	328,592,263	319,950,522	8,641,741	2.70%	39.08%	38.21%
Common stock	542,435,001	542,435,000	1	0.00%	64.51%	64.79%
Additional paid-in capital	16,000,000	—	16,000,000	100.00%	1.90%	0.00%
Deficit	(46,145,865)	(25,136,660)	(21,009,205)	83.58%	-5.49%	-3.00%
TOTAL EQUITY	512,289,136	517,298,339	(5,009,203)	-0.97%	60.92%	61.79%
TOTAL LIABILITIES AND EQUITY	840,881,399	837,248,861	3,632,538	0.43%	100.00%	100.00%

Cash

On July 29, 2021 and August 12, 2021, the Company received cash of ₱2.0 million and ₱14.0 million, respectively, as infusion of additional capital from the Parent Company. This is pursuant to the Memorandum of Agreement dated July 29, 2021, where the Parent Company obligated itself to pay the Company ₱16.0 million for said infusion, and the Company agreed to record such capital infusion as the Parent Company's additional paid-in capital. Moreover, the Company paid various IPO-related expenses totaling ₱10.75 million and documentary stamp taxes amounting to ₱1.22 million. This resulted to a net increase of cash account by 887.20% from ₱0.35 million as of June 30, 2021 to ₱3.47 million as of September 30, 2021.

Other Current Assets

Other Current Assets increased by 322.96% from ₱0.78 million as of June 30, 2021 to ₱3.28 million as of September 30, 2021. This was primarily due to the deferment of IPO related costs amounting to ₱2.73 million to the said account. This amount will offset against additional paid-in capital upon completion of the Company's IPO.

Right-of-Use Assets

On January 11, 2021 a Deed of Assignment was entered into between SPPPHI, as the assignor, and SPNEC, as the assignee, whereby the assignor assigned all of its rights and obligations under the said September 6, 2016 Lease Agreement. The total annual lease payment is ₱9.4 million, net of tax.

On May 31, 2021, the Company entered into a land lease agreement with various landowners with a total area of 81.75 hectares. The land was made available for use on May 1, 2021, with a one (1) year rent-free period or until April 30, 2022. The lease will expire on April 30, 2047. Further, the lease is subject to renewal of five (5) years or for a reasonable period upon mutual agreement by parties. The total annual lease payment is ₱4.5 million, net of tax.

The Company recognized ROU assets in this regard, which decreased by 0.91% from ₱297.75 million as of June 30, 2021 to ₱295.04 million as of September 30, 2021 due to amortization during the period amounting to ₱2.71 million.

Deposit for Land Acquisition

On February 20, 2021, the Company entered into a MOA with an affiliate, PIC, which MOA was later amended on March 3, 2021, to secure land for future expansion in excess of the capacity contemplate for the Project. The MOA covers certain parcels of land with a total area of 68.621 hectares. Through the MOA, the Company was granted by PIC the right to use the subject properties exclusively for the development and construction of a power generating plant. It is the intention of the parties to executive definitive agreements, e.g. DOAS, to transfer the parcels of land to the Company. Hence, at the Company's discretion, PIC undertakes to sell and transfer its rights over the parcels of land to the Company. Upon execution of the DOAS, the consideration for the sale and transfer of rights over the parcels of land shall be equal to the advance payments made by the Company in February and March 2021 totaling to ₱267.0 million, which represents the full payment.

On April 19, 2021, the Company entered into a MOA with an affiliate, LHHC, to secure land for future expansion in excess of the capacity contemplated for the Project. The MOA covers certain parcels of land with a total area of 56.81 hectares. Through the MOA, the Company was granted by LHHC the right to use the subject properties exclusively for the development and construction of a power generating plant. It is the intention of the parties to execute definitive agreements, e.g. DOAS to transfer the parcels of land to the Company. Hence, at the Company's discretion, LHHC undertakes to sell and transfer its rights over the parcels of land to the Company. Upon execution of the DOAS, the consideration for the sale and transfer of rights over the parcels of land shall be equal to the advance payments made by the Company in April and May 2021 totaling to ₱270.0 million, which represents the full payment.

These advance payments for a total consideration of ₱537.00 million are presented as “Deposits for land acquisition” in the September 30, 2021 unaudited interim financial statements.

Other Noncurrent Assets

Increase in this account by 52.54% from ₱1.37 million as of fiscal year ended June 30, 2021 to ₱2.09 million as of September 30, 2021, is mainly attributed to the recording of deferred input VAT related to the management fee amounted to ₱0.72 million.

Accounts Payable and Accrued Expenses

In relation to the management contract entered in 2021, SPNEC recorded additional payable for the 3-month period covering July 1, 2021 to September 30, 2021, amounting to ₱5.8 million, net of applicable withholding tax. The Company also paid the documentary stamp tax related to lease agreements accrued as of June 30, 2021, with an amount of ₱1.21 million. These transactions contributed to the increase of this account by 72.54% from ₱6.73 million as of June 30, 2021 to ₱11.61 million as of September 30, 2021.

Due to Related Parties

The Company, in the normal course of business, has transactions with its Parent Company, SPPPHI, which are recorded as advances. These advances are unsecured, non-interest bearing, due and demandable. No movement in the account from June 30, 2021 to September 30, 2021.

Lease Liabilities

In 2019, the Company entered into a land lease agreement with various landowners to develop solar farm projects in Peñaranda, Nueva Ecija for a total area of 95.8 hectares. The land was made available for use on January 1, 2019 with a one (1) year rent-free period plus 25-year term. Further, the lease is subject for renewal of five (5) years upon mutual agreement by parties. The total annual lease payment is ₱4.3 million, net of tax. As of September 30, 2021, the total lease liability recognized for this lease contract is ₱48.42 million.

On January 11, 2021 a Deed of Assignment was entered into between SPPPHI, as the assignor, and SPNEC, as the assignee, whereby the assignor assigned all of its rights and obligations under the said September 6, 2016 Lease Agreement, among others, to the assignee, and the assignee accepted and assumed all of the said rights and obligations thus assigned, in pursuance of the said Deed of Assignment. In March 2021, the Company and the lessor executed an Addendum amending Section 4.1 (Annual Rental) and Section 4.2 (Advance Rental) to the September 6, 2016 lease agreement and agreed that the lease commencement date shall be on March 31, 2021, for the parcels of land

with a total area of 169.86 hectares. The total annual lease payment is ₱9.4 million, net of tax. As of September 30, 2021, the total lease liability recognized for this lease contract is ₱154.96 million.

On May 31, 2021, the Company entered into a land lease agreement with various landowners with a total area of 81.75 hectares. The land was made available for use on May 1, 2021, with a one (1) year rent-free period or until April 30, 2022. The lease will expire on April 30, 2047. Further, the lease is subject to renewal of five (5) years or for a reasonable period upon mutual agreement by parties. The total annual lease payment is ₱4.5 million, net of tax. As of September 30, 2021, the total lease liability recognized for this lease contract is ₱76.71 million.

Increase in non-current lease liabilities of 1.66% from ₱275.52 million as of June 30, 2021 to ₱280.09 million as of September 30, 2021, only pertained to accretion of interest expense during the period amounting to ₱4.57 million.

Deferred Tax Liability

The Company's net deferred tax liability came from recognition on right-of-use assets and lease liabilities as at September 30, 2021 and June 30, 2021.

Common Stock and Additional Paid-in Capital

As of September 30, 2021, 5,424.4 million common shares are issued and outstanding with an amount of ₱542.44 million presented as Common Stock.

In July 2021, the Company issued five (5) shares to the new directors.

On July 29, 2021, the Company entered into a Memorandum of Agreement with its Parent Company, where the Parent Company obligated itself to pay SPNEC ₱16.0 million, and SPNEC agreed to record such capital infusion as the Parent Company's additional paid-in capital.

Deficit

Deficit deteriorated by 83.58% from ₱25.14 million as of fiscal year ended June 30, 2021, to ₱46.15 million as of September 30, 2021. This is primarily due to the net losses incurred during the period amounting to ₱21.00 million which includes an IPO-related expense of ₱8.12 million.

Material Changes to the Statement of Comprehensive Income for the Three (3) -months ended September 30, 2021 compared to the Statement of Comprehensive Income for the Three (3) -months ended September 30, 2020

Horizontal and Vertical Analysis of Comprehensive Income September 30, 2021 vs September 30, 2020						
Amounts in ₱0.00	September 30, 2021	September 30, 2020	Horizontal Analysis		Vertical Analysis	
			Increase/(Decrease)		September 2021	September 2020
			<i>Amount</i>	<i>Percentage</i>		
Interest Income	753	55	698	1269.09%	0.00%	0.00%
Expenses						
PSE filing fees	8,124,350	–	8,124,350	100.00%	38.67%	0.00%
Management fee	6,000,000	–	6,000,000	100.00%	28.56%	0.00%
Interest expense	4,571,005	1,011,886	3,559,119	351.73%	21.76%	47.02%
Amortization	2,710,185	459,864	2,250,321	489.34%	12.90%	21.37%
Taxes and licenses	350,558	–	350,599	100.00%	1.67%	0.00%
Professional fee	–	666,667	7,207,683	-100.00%	0%	30.98%
Others	63,729	13,557	50,172	370.08%	0.30%	0.63%
Total Expenses	21,819,827	2,151,974	19,667,853	913.94%	103.86%	100.00%
LOSS BEFORE TAX	21,819,074	2,151,919	19,667,155	913.94%	103.85%	100.00%
Benefit from deferred tax	809,869	–	809,869	100.00%	3.85%	0.00%
NET LOSS AFTER TAX	21,009,205	2,151,919	18,857,286	876.30%	100.00%	100.00%
TOTAL COMPREHENSIVE LOSS	21,009,205	2,151,919	18,857,286	876.30%	100.00%	100.00%

Interest Income

As the Company is still in the pre-operational stage, the Company's cash is parked in banks from which it earns interest. As cash balances were mostly higher for the three months ended September 30, 2021 than in 2020, considering the infusion of additional capital from the Parent Company, interest income increased by 1,269.09%.

PSE Filing Fees

The account pertains to the payment of IPO filing fees to the PSE in August 2021. No similar expense was incurred in the same period in 2020.

Management Fee

On April 30, 2021, the Company entered into a Management Service Agreement with SPPPHI, its Parent Company, to provide executive and leadership support and execute its strategic direction while managing its business operations for a period from May 1, 2021 to April 30, 2024, in which the parties upon mutual agreement may renew or extend. The monthly fee for the said agreement is ₱2.00 million, exclusive of value-added tax. For the three (3) -month ended September 30, 2021 and 2020, the expense recorded related to this amounted to ₱6.00 million and nil, respectively.

Interest and Amortization Expense

Along with the new two (2) lease agreements the Company has entered during 2021, expenses related to leases including interest and amortization expenses increased as well. Interest expense amounted to ₱4.57 million and ₱1.01 million for the three months ended September 30, 2021, and 2020, respectively. In addition to this, the Company also recognized amortization expense for these agreements amounting to ₱2.71 million and ₱0.46 million for the three (3) -month ended September 30, 2021, and 2020, respectively.

Taxes and Licenses

With the additional leases in 2021, the Company paid real property taxes and other permits totaling ₱0.35 million.

Professional Fee

Professional fee is lower by 100% from ₱0.67 million for the three-month ended September 30, 2020, as compared to nil for the three-month ended September 30, 2021. No professional fees were incurred during the period.

Benefit from Deferred Tax

The Company's benefit from deferred tax came from recognition on right-of-use assets and lease liabilities as at September 30, 2021 and June 30, 2021.

Net Loss

As the Company entered into new lease agreements and management contract in 2021, the Company booked higher net loss for the three (3) -month ended September 30, 2021 amounting to ₱21.00 million, a deterioration of 876.30% from the net loss of ₱2.15 million booked in the three (3) -month ended September 30, 2020.

Aging of Receivables

Not applicable.

Key Performance Indicators

As the Company has not yet started commercial operations, its key performance indicators are limited to the following:

Financial Ratios	September 2021	June 2021
Current Ratio	13.94%	2.59%
Debt to Equity Ratio	64.14%	61.85%

Notes:

1) Current ratio is obtained by dividing the Current Assets of the Company by its Current liabilities. This ratio is used as a test of the Company's liquidity.

2) The debt-to-equity ratio is used to evaluate Company's financial leverage and is calculated by dividing the Company's total liabilities by its shareholder's equity. It is a measure of the degree to which a company is financing its operations through debt versus wholly owned funds.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

SOLAR PHILIPPINES NUEVA ECIJA CORPORATION

Issuer

By:

A handwritten signature in black ink, appearing to read 'H. Lafuente', with a horizontal line above the 'e'.

HAZEL IRIS P. LAFUENTE

Treasurer

Date: January 13, 2022